App. F. IX-4

8

1939. (RS)

File No. 57-39

Serial Nos. 1-4

Previous References.
RS 11-36 (24, 186, 201, 219 & 221, 223, 224-228, 230, 232, 234, 235-238, 254, 272, 276, 277)
88-38 (1-7)

Later References.

PRESERVED

P=19

E

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 4.

Part B for January 40.

SUBJECT.

Exemption of the Bangalore Central Co-operative Bank from the operation of the Rule regarding multiple membership in Co-operative Societies.

Sd 4) To The Computer
No A7 3448 dt 11-1-40

Notifies that the Bangalore Central Co-operative Bank has been exempted from the operation of the Rule re multiple membership in Co-operative Societies.

2571

G. R. S. APP. F. III—1]

GENERAL AND REVENUE SECRETARIAT.

NOTES.

File No. 57-37

(FILE HEADING) Exemption of the Baitalan Central Cooperative Bank from the operation of the rule requiring multiple membership in Cooperative Societies

FROM The Registrar Cooperative Societies, Punjab, Lahore

No. 6824 C.S. Dated 30-10-39 Received on 1-11-39

Diary No. 1779 | Enclos. 2 | Spare copies | Serial No.

BRIEF ABSTRACT OF LETTER Requests in view of the circumstances mentioned therein exemption of the Baitalan Central Cooperative Bank from the operation of the rule requiring multiple membership of Cooperative Societies

NOTES AND ORDERS.

Ref 58-38(1-7)

The Commissioner refers to the P.O.D. is placed below for perusal. The requirements of the Bank are:-
1) to continue to treat it as a financing Bank & to exempt it from the operation of the rule re the multiple membership (Rule 6 C) and 2) permission to its members to serve on the Board of management of more than one society of the same kind (Rule 6 D).

The first question of treating it as a financing

NOTES—First Sheet

WD 0655—GPB—3,750—28-1-39

R 1729

File No. 51 of 193 9 | General and Revenue Secretariat

has been settled in the press and the Bank has been treated only a pecuniary society. The Registrar recommends that the Bank may be exempted from the operation of the rule re the multiple membership (Rule 6 C) but that the exemption from the operation of the rule 6 D - to serve on the Committee of management of more than one society — is unnecessary.

3) The Registrar recommends exemption from Section 47 of the Co. Act read with Section 44(4) of the Act. Both the rules 6 C & 6 D empower the Registrar of Co. as the final authority and do not provide for exemption by him of either individual members or the Cooperative Societies from the operation of the rule. Whether the Sections 44(4) & 47 can be applied to grant the exemption sought for, may be ascertained from the Law Secretariat

Submitted for orders 4) Please put up
15/11/39 Registrar's circular no 4.
referred to in the resolution
of the Committee of Management

5) [illegible]
17/11/39 20/11

Letter No 2358 dated 24/11/39 of the Registrar
enclosing two copies of circular dated 13/7/37

B.

(C-18 C-83 ??)

Sec to Govt
27/11/

GEN. & REV. SECT.
28 NOV. 1939
AGRL. & FOREST BRANCH.

1779 / 2257

General and Revenue Secretariat. File No. 57 of 19 39 [App. F. III-2

Serial No.

Letter No 5808 dated 4-12-39 from the Registrar Co. forwarding a copy of the circular dated 13-7-39.

7) Submitted with reference to Para 4 above

6/12/39

8) Please find herewith a copy of the recommendation of the committee and Govt. Order thereon

7/12/39

9) A copy of the Famadihana Committee Report containing the recommendations (Pages 28-37), a copy of G.O. on the report (Para 12 of the G.O.) and a copy of G.O. dated 6/12/39 are submitted for perusal

11/12/39

10) The question to treat this Central Bank as a financing Bank has already been settled by Govt. It has been decided that this shall be treated as Primary Bank. There is no necessity to reconsider this question again

11) The President of the Bank has requested the Registrar to give an exemption to this Co. Bank from the operation of Rules 6(c) and 6(d)

12) Rule 6(c) relates to

NOTE—Contn. Sheet

E

File No. of 19 | General and Revenue Secretariat.

Serial No.

multiple membership. The President has explained in his letter to the Registrar, the necessity for such an exemption and the Registrar has recommended the exemption. The Registrar has the power to exempt individual members from the operation of this Rule and the Registrar has, probably, in some cases, though not with particular reference to this Bank, exercised this power. In the case of this Bank, it is to grant exemption in one general order to all its members. There is no harm done either to the Bank or to the members since loans are granted on tangible immoveable securities. ?
If the exemption is not granted, the Bank would suffer very much for reasons explained by the President in his letter to the Registrar.

13) Exemption may be

Exemptions to the Central Co-op. Bank

1779 2257

General and Revenue Secretariat. C.S. File No. 51 of 1939 [App. F/III-2

Serial No.

Granted. The Registrar has referred the matter to Govt though he has the power to grant exemptions in undue cases, because of the wholesale exemption to several members. There could be no legal defect in granting such an exemption by Govt

(iii) Rule 6(d) relates to the members serving in more than one committee of management. The Registrar is not in favour of the exemption. I think he is right in the view he has taken. There is no necessity for such an exemption. Many experienced and capable persons are available to serve on the committees of management.

Govt Secy

(iv) Certain societies have been excluded from the operation of Rule 6(c) while framing this rule, whether the exclusion of the Central Co-operative Banks was considered and not why be stated.

GEN. & REV. SEC. 12 DEC. 1939 3726

IGAR-Contn. Sheet.

File No. 5C 2251 of 1939

General and Revenue Secretariat.

Serial No.

16) The file leading to the framing of Rule 6 C is placed below for perusal. A Central Financing Bank, a L. M. Bank and a House Building Society were exempted because they were considered as special types of institutions and because a Central financing bank was expected to issue loans only to affiliated Societies a L. M. Bank was expected to finance only for agricultural indebtedness and a House building Society only for the construction of houses. There was no question of the Bangalore Central bank. Bank either coming under or being exempted from the operation of the rule because by the order of Dec 1937 it had ceased to finance societies and was issuing loans to individual members. Even the Bank being the societies which were already affiliated was allowed to remain only for discharging their liabilities to the Bank. Submitted with reference to Para 15 above

21/12/39 17) Genl Secy 25/12

GEN. 25 DEC. 1939 C 068

18) As recommended by the Registrar, the Bangalore Central Co-operative Bank may be exempted from the operation of Rule 6(c) & not of Rule 6(d).

2nd Member) 17) 28/12 28.12

4.989

B 28/12 28/12

B/28/12 28/12

4329/39 225

General and Revenue Secretariat. File No. 57 of 19 39 [App. F. III-2

Serial No.

1) ~~Notification~~ Rules for consideration. ~~Recommended~~. The file may perhaps be sent to the Law Secty for opinion whether the notification may issue.

Sd M.V. 2/1/40

~~Partner~~

Kks 3.1.40.

For Secretary
Asst Secy Law
WC

2) The portion marked in red, may be omitted from Notification. With this change the notification is in order & may issue

Law Secy) 3 4/1/40

LAW DEPT 4/1/9 G. O. MYSORE

Law. 114 of 1939-40.
14th January 1940.

3) 6 4/1

Dy Secy
Co: Secy
WC

3 4/1

4) For approval Kks
Genl: Secy 5/1/40.

GENERAL SECRETARY. 5 JAN. 1940 422

5) Sn 6/1/40

6) Issue Kks 6/1

8 JAN 40

4 RE. 3648 & 11. 1. 40 To The Compiler, M. G.
Notifies that the Bangalore Central Cooperative Bank ltd be exempted from the operation of the Rule re. multiple membership in Cooperative Societies.

AF. 3649. To The Registrar of Cs for information stating that the Bank cannot be exempted from the operation of Rule 62.

NOTE—Contn. Sheet

24/1/40

C8 51-38/1

GOVERNMENT OF MYSORE

No. 4829 C S. Ea 2

DEPARTMENT OF CO-OPERATION

Telegraphic Address
"CO-OPERT"
Bangalore.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE,

Dated Bangalore, 31st October *193* 9.

1779

GEN. & REV. SECTT. * 1 NOV. 1939 * AGRI. & FOREST BRANCH.

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

GENERAL SECRETARY. 1 NOV. 1939

J.Appaji Gowda,Esq.,B.A.,(Hons),
Secretary to the Government of Mysore,
General Department, Bangalore.

Sir,

I have the honour to forward, herewith, a copy of letter No. 2357 dated 28th October 1939 received from the President, The Bangalore Central Co-operative Bank,Ltd., together with a copy of the enclosure thereto in the matter of exempting the said Bank from the operation of Rule 6(C) (prohibiting multiple membership in credit societies) and of Rule 6(D) (prohibiting a person from serving simultaneously on the Committees of Management of more than one society of the same type) and to state that, in the light of the orders of Government (vide Government Order No.D.9302/C.S.88-38-2 dated 25th/28th April 1939 and No.D.10238/C.S.88-38-6 dated 2nd June 1939) that the Bank is not a Financing Bank as defined in the Mysore Co-operative Societies' Act, the contention of the Bank that it has to be treated as a Central Financing Bank cannot be accepted. But as pointed out by the Bank, loans are granted by the Bank only on tangible securities and not on the personal credit of the member, there would be no harm in permitting persons who are members of other limited liability credit societies to be members of the Bank. Moreover it has jurisdiction all over the State and has enrolled persons from various towns and villages of the State, who could obtain only mortgage credit from it. I therefore recommend that the representation of the Bank for exemption from the operation of Rule 6(C) of the Mysore Co-operative Societies' Rules may be favourably considered by Government and the Bank exempted from the operation of the said Rule under Section 47 of the Act, read with Section 44(4) of the said Act.

The Bank has also requested that it may be exempted from the

P.T.O.

9

the operation of Rule 6(D). This appears to be unnecessary as the persons who stand as candidates for election to the Board of Management of the Bank may, if they happen to be on the Committees of Management of other credit societies, apply for and obtain the sanction of the Registrar for serving simultaneously on the Committees of Management.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.31/10.

Letter No.2357 dated 28th October 1939 from the President, the Bangalore Central Co-operative Bank, Ltd., Bangalore, to the Registrar of Co-operative Societies in Mysore, Bangalore.

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I have the honour to forward herewith a copy of the Resolution of the members of the Board of Management passed at their meeting held on 16-10-1939 re:- the exemption of this Bank from the operation of Rules 6(c) and 6(d) of the Rules under the Mysore Co-operative Societies' Act, and to state as follows:-

Government, while passing orders on Co-operative Committee's report re:- the working of the Apex and Central Banks accepted the proposals of the Bangalore Central Co-operative Bank, Ltd., dealing only with individuals throughout the State and ordered that all existing debts due to this Bank from the indebted Co-operative Societies should be transferred to the Apex Bank at a valuation to be made by a committee of five arbitrators. Owing to the difference of views of the two Banks, the transfer of the liabilities of the societies enbloc from one Institution to the other not having been possible as first contemplated, Government ordered in their Order No.D.5992-3/C.S.40-26-7 dated 6-12-1927 that the Central Bank will be free to take such action as it legally can to recover its dues from the indebted societies. Thus it is seen that the Central Bank had to continue as a Financing Bank under Clause (d) of Section 2 of the Mysore Co-operative Societies' Act and had to deal at least with indebted societies though it ceased to lend to other societies, which work was allotted to the Apex Bank according to the order under reference. Till the accounts of the indebted societies are finally closed the Bank has to be treated as a Financing Bank.

The Government order quoted above passes orders re:- the working of the two Institutions only and makes a distinction between this Bank and an ordinary primary society by granting provincial jurisdiction to the Bank, fixing higher limit for issue of loans from the Bank outside Bangalore City. The Bank was being treated as a Central Financing Bank and not as a primary society in as much as Government have as per G.O.No.9510-70/E.C.111-20-1 dated 5th April 1921 accorded sanction to officers in active service of -

of Government for serving on the Board of Management of this Bank vide Government Orders Nos.D.10753-4/C.S.90-27-5 and D.5264-66/C.S. 76-32-2 dated 5-4-1928 and 21-4-1933 respectively passed in the case of Messrs.S.G.Sastri and N.Rama Rao. In the Annual Reports of the Department this Bank has always been recognised as Central Bank vide para 30 of the last Report of the Department.

If the Bank is construed as a primary society, it comes under the operation of Rules 6(c) and 6(d) of the Rules under the Mysore Co-operative Societies' Act. These rules work as hardship to this Bank.

The restriction regarding multiple membership cannot but be for the purpose of restricting the scope of members to borrow from more than one credit society on personal security beyond their means of repayment and thus cause a loss to it. But this Bank does not lend on personal security of members. It advances loans on the security of their paid-up assets, fixed deposit receipts, State Loan Bonds or other tangible securities which are not generally open to any risk. Besides, it does not lend to those who are already members of an unlimited co-operative society or who do not at least resign their membership in it. But in the case of a Limited Liability Society, this procedure is not scrupulously observed as no risk for the loan to be made by this Bank is anticipated, and there is no serious inconvenience in permitting a member of a Limited Liability Co-operative society to become a member of this Bank.

It may kindly be noted that this Bank is doing the duties of a Land Mortgage Bank, and of a Central Financing Institution dealing with members all over the State, and with societies whose accounts have not yet been closed. The Rule in question creates a practical difficulty which is explained below.

If a certain individual who is a member of a limited liability credit society, say in Hassan, which can just cater to his day-to-day needs wants to obtain a large loan from this Bank to improve his business or agricultural assets, buildings etc., he is by the operation of this rule, debarred from doing so and consequently not

12

not only is he put to great hardship but also the business of the Bank suffers.

On enquiry it is learnt that about 300 members of this Bank are also members of other credit institutions in the City alone besides others who reside in the moffusil and are members of other credit institutions in the moffusil. A large number of these members except those who are indebted to this Bank may withdraw from this institution as it does not lend on personal security which the other institutions do. Thus the operation of Rule 6(c) which is made applicable to this Bank as per Registrar's Circular No.4 dated 13-7-39 published in the Mysore Gazette dated 3-8-1939 may result in further withdrawal of the share capital which has already been reduced from Rs.3,07,500 to Rs.2,55,000 due to other causes.

Besides, if the membership be restricted to one institution alone, the other institutions are deprived of the services of capable and disinterested persons whose number, even in Cities like Bangalore is not large.

It is therefore, requested that this Bank may kindly be - exempted from the operation of these Rules as they work prejudicially to its interests on account of its peculiar constitution and working.

****

" Copy "

L.S.31/10.

for Registrar.

13

Resolution No.5 passed in the meeting of the members of the Board of Management of the Bangalore Central Co-operative Bank,Ltd. Bangalore, held on Monday the 16th October 1939.

==========

Subject:No.5.-

Removal of the restriction of Multiple membership as per Rule 6(C) of the Rules under the Co-operative Societies' Act.

Resolution.

"In view of the present delicate position in which the Bank finds itself, it is resolved that the Registrar be requested kindly to move Government to amend his Circular No.4 dated 13th July 1939 and restore the privilege which the Bank has all along been enjoying of its members not being subjected to the operation of the Rules 6(c) and 6(d)".

****

" Copy "

L.S.31/10.

for Registrar.

Appendix F G—1]

SUBJECT..... 14

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Section G.S.

File No. 57-39

Serial No. 2

No. A/2388

To The Registrar C.S

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 193 .

Date of issue 24-11-39

Signed by [illegible]

Sir

Adverting to your letter No 4829 dated 31-10-39 on the subject to the Bangalore Central Cooperative Bank for the operation of the Rule relating multiple membership. I am directed to request you to kindly forward a copy of circular 4 dated 13-7-39 issued by you to the multiple membership of Cooperative Societies.

I have etc

24/11

for Secretary

List of enclosures.....

Copied by.....

Examined by.....

WD 0563—GPB—30,000—6-1-39

A 7 2388

24th ~~23rd~~ November 1939.

The Registrar of Co-operative Societies in Mysore,
Bangalore.

Adverting to your letter No. 4829 dated 31st October 1939 regarding the exemption to the Bangalore Central Co-operative Bank from the operation of the rule regarding multiple membership, I am directed to request you to kindly forward a copy of circular No.4 dated 13th July 1939 issued by you regarding the multiple membership of Co-operative Societies.

I have the honour to be,
Sir,
Your most obedient servant,

24/4

for General Secretary to Government.

Als.

G. 57-39-3

GOVERNMENT OF MYSORE

No. 5884 C. S. Exec 1.

DEPARTMENT OF CO-OPERATION

Telegraphic Address:
"CO-OPERT"
Bangalore.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Dated Bangalore, 4th December 193 9

GENERAL & REVENUE SECTT. 4 DEC. 1939

GEN. & REV SECTT. 5 DEC. 1939 SECT. BRANCH. BANGALORE.

2251

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,

TO

J. Appaji Gowda, Esq., B.A. (Hons)
General Secretary to Government, Bangalore.

Sir,

As desired in your letter No.A.F.2388/C.S.51-39 dated 24th November 1939, I have the honour to forward herewith a copy of Circular No.4 dated 13th July 1939. A copy of the said circular has already been sent to Government with my letter No.513/C.S. dated 15th July 1939.

I have the honor to be,
Sir,
Your most obedient servant,

Abdul Hukh

Registrar.

16

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE, BANGALORE.

Circular No. 4—C. S., dated 13th July 1939.

Government have been pleased to direct in their Order No. D. 9302—C. S. 88-38-2, dated 25—28th April 1939, that the Bangalore Central Co-operative Bank, Ltd , is a Primary Institution and again in their Order No. D. 10238—C. S. 88-38, dated 2nd June 1939, that it has been recognised as an Urban Bank and not a Central Bank. It therefore follows that it is a credit society for purposes of Rule 6 (c) of the Mysore Co-operative Societies' Rules with regard to multiple membership and also of Rule 6 (D) for purposes of serving on the Committees of Management of more than one society of the same type. The Managing Committees of all credit societies are requested to note this and instruct their members suitably so that the rules above referred to may be duly observed and enforced.

M. ABDUL HUKH,
Registrar.

Appendix F G—1]

SUBJECT.....

.....

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Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 193

Date of issue 11-1-40

Signed by Mr. G. Matthan

List of enclosures.....

Copied by.....

Examined by.....

Section 6A

File No. 51-39

Serial No. 4

No. A 73448

Notification

In exercise of the powers vested in the Registrar by section 47 of the Madras Co-operative Societies Act, 1932, as amended from time to time and vide section 4(4) of the Madras Co-operative Societies Act, 1932, as amended from time to time, and with the Good of the Co-operative Societies in view, the Maharaja of Bobbili is pleased to exempt the Bobbili Central Co-operative Bank Ltd Bobbili from the operation of Rule 6(c) of the Rules framed under the said Act, re multiple membership in Co-operative Societies

B-O

To the Controller of Printing & Stationery for publication in the Gazette in English and Kannada vide.

the request that 250 copies of each of the notifications may be sent to the Registrars and 50 copies to this office

Memo A73449 dt 11-1-40

Copy of the above is forwarded with Compliments to the Registrars for information with reference to the correspondence with his letter No 5884 dated 4/12/39. 4 copies

The completion of the Bench pen the operation of Rule 6.D cannot be sanctioned

R.O
30/1/40
Secretary

15

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. A 73448 / C 351-39-4

General and Revenue Secretariat, 18

Dated Bangalore .. ....11—1—40.....193

NOTIFICATION.

In exercise of the powers vested in them under Section 47 of the Mysore Co-operative Societies Act VII of 1918, as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to exempt the Bangalore Central Co-operative Bank, Ltd., Bangalore City, from the operation of Rule 6(c) of the Rules framed under the said Act, regarding multiple membership in Co-operative Societies.

By Order,

Sd/- J. Appaji Gowda,

General Secretary to Government.

To

The Compiler, Mysore Gazette, for publication in the Gazette ~~and~~ in English and Kannada with the request that 250 copies of each of the Notification may be sent to the Registrar of Co-operative Societies and 50 copies to this office.

Memo No. A 73449 dt 11—1—40

Copy of the above is forwarded, with compliments, to the Registrar of Co-operative Societies, for information, with reference to the correspondence ending with his letter No.5884 dated 4th December 1939. The exemption of the Bank from the operation of Rule 6 D cannot be sanctioned.

By Order,

11.1.40.

for General Secretary to Government.

SR/12

GENERAL SECRETARIAT.

No. A. F. 3448—*C. S.* 51-39-4, *dated* 11*th January* 1940.

In exercise of the powers vested in them under Section 47 of the Mysore Co-operative Societies Act, VII of 1918, as amended from time to time, the Government of His Highness the Maharaja of Mysore, are pleased to exempt the Bangalore Central Co operative Bank, Ltd., Bangalore City, from the operation of Rule 6 (*c*) of the Rules framed under the said Act, regarding multiple membership in Co-operative Societies.

By Order,

J. APPAJI GOWDA,
Secretary to Government,
General Department.